



# **BRIDGEHOUSE**

*Independent Platform*

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**Brandes Greystone Lazard Sionna Morningstar**

2017 Interim Management Report  
of Fund Performance

Brandes Canadian Money Market Fund

## BRANDES CANADIAN MONEY MARKET FUND

*This interim management report of fund performance contains financial highlights but does not contain the complete interim or annual financial statements of the Fund. The interim or annual financial statements are in a separate booklet. You may obtain a copy of the interim or annual financial statements at your request, and at no cost, by calling toll-free 1.888.861.9998, by writing to us at Bridgehouse Asset Managers, 20 Bay Street, Suite 400, Toronto, ON, M5J 2N8, or by visiting our website: [www.bridgehousecanada.com](http://www.bridgehousecanada.com) or the SEDAR website: [www.sedar.com](http://www.sedar.com).*

*You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.*

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Results of Operations from January 1, 2017 to June 30, 2017

##### **Markets & Effect**

In this low interest rate credit environment, Greystone Managed Investments Inc. ("Greystone") continued to manage the portfolio with an emphasis on quality and liquidity and with a focus on providing stability of capital. As a result of historically low yields during the period, Bridgehouse Asset Managers ("Bridgehouse"), has continued to temporarily waive a portion of the management fees charged to the Fund in order to maintain a \$10 Net Asset Value per unit.

##### **Performance**

The Fund's Series A units trailed its benchmark, returning 0.0% versus a gain of 0.2% for the FTSE TMX Canada 91 day T-Bill Index.

The Fund returns are after the deduction of fees and expenses while the benchmark returns do not include any costs of investing. See the "Past Performance" section for the returns of the other series, which may vary because of differences in management fees and expenses or timing of series introduction.

The portfolio sub-advisor for this Fund was replaced on November 7, 2014. This change could have materially affected performance had it been in effect throughout the entire performance measurement period.

##### **Asset Mix**

At June 30, 2017 the portfolio had 100% in cash & cash equivalents, unchanged from December 31, 2016.

##### **Flows**

The Fund's Net Asset Value decreased to \$14.8 million at June 30, 2017, from \$15.4 million at December 31, 2016 due to outflows.

#### Recent Developments

There are no known changes at this time to the strategic positioning of the Fund, the manager, or portfolio sub-advisor.

##### **International Financial Reporting Standards**

The International Accounting Standards Board ("IASB") issued IFRS 9 to replace IAS 39, "Financial Instruments—Recognition and Measurement". In December 2014, the IASB made further changes to the standard. With these amendments, IFRS 9 is now complete. IFRS 9 is to be applied retrospectively and it is effective for annual periods beginning on or after January 1, 2018. The Manager continues to assess the impact of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and is effective for years beginning on or after January 1, 2018, to be applied retrospectively or on a modified retrospective basis. IFRS 15 clarifies revenue recognition principles, provides a robust framework for recognizing revenue and cash flows arising from contracts with customers and enhances qualitative and quantitative disclosure requirements. IFRS 15 does not apply to insurance contracts, financial instruments and other related contractual rights and obligations and lease contracts. The Funds are assessing the impact of this standard. The Funds do not intend to early adopt this standard.

## **Related Party Transactions**

### ***Manager and Portfolio Advisor***

The Fund is managed and advised by Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers ("Bridgehouse") which provides (or arranges for) investment management, distribution, marketing and promotion of the Fund. Bridgehouse receives a monthly management fee based on the daily average net assets of each class of the Fund. In addition, Bridgehouse is entitled to be reimbursed by the Fund for certain operating expenses.

Bridgehouse has retained Greystone Managed Investments Inc. ("Greystone") as the portfolio sub-advisor to the Fund. Bridgehouse pays Greystone an investment management fee to provide the Fund with investment management services.

### ***Forward-Looking Statements***

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may", "will", "should", "could", "expect", "anticipate", "intend", "plan", "believe", or "estimate" or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's simplified prospectus. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise.

## **Benchmark Index**

**FTSE TMX Canada 91 day T-Bill Index:** This index measures the performance attributable to 91-day Canadian Treasury Bills. Treasury Bills are secured by the full faith and credit of the Canadian Government and offer a fixed rate of return.

## FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND PERIODS ENDED DECEMBER 31, 2012 TO 2016

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six months ended June 30, 2017 and for the past five periods ended December 31, as applicable. In the year a fund or series is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents year ended December 31.

### The Fund's Net Assets per Unit (\$) (note 1)

|          | Net assets, beginning of period | Increase (decrease) from operations |                |  |  |  | Distributions                                  |                |                    |                   |                                    | Net assets, end of period |       |
|----------|---------------------------------|-------------------------------------|----------------|--|--|--|--|----------------|--------------------|-------------------|------------------------------------|---------------------------|-------|
|          |                                 | Total revenue                       | Total expenses | Realized gains (losses) for the period | Unrealized gains (losses) for the period | Total increase (decrease) from operations (note 2) | From net investment income excluding dividends | From dividends | From capital gains | Return of capital | Total annual distribution (note 3) |                           |       |
| Series A | 2017                            | 10.00                               | 0.05           | (0.05)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2016                            | 10.00                               | 0.05           | (0.05)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2015                            | 10.00                               | 0.07           | (0.07)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2014                            | 10.00                               | 0.12           | (0.12)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2013                            | 10.00                               | 0.14           | (0.13)                                 | -  | -  | 0.01   | -              | -                  | -                 | -                                  | -                         | 10.00 |
| Series F | 2012                            | 10.00                               | 0.13           | (0.13)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2017                            | 10.00                               | 0.05           | (0.05)                                 | 0.01                                     | 0.01   | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2016                            | 10.00                               | 0.05           | (0.05)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2015                            | 10.00                               | 0.06           | (0.06)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2014                            | 10.00                               | 0.11           | (0.11)                                 | -  | -  | -  | -              | -                  | -                 | -                                  | -                         | 10.00 |
|          | 2013                            | 10.00                               | 0.14           | (0.12)                                 | -  | -  | 0.02   | (0.03)         | -                  | -                 | -                                  | (0.03)                    | 10.00 |
| 2012     | 10.00                           | 0.13                                | (0.12)         | -                                      | -  | 0.01   | (0.01)   | -              | -                  | -                 | (0.01)                             | 10.00                     |       |

1. The financial information presented in the Net Assets per Unit table is derived from the Fund's audited annual financial statements. The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the years up to 2012 is stated under Canadian GAAP. The 2013 numbers have been restated for comparative purposes to comply with IFRS 13, which came into effect January 1, 2014. An explanation of the differences and reconciliation can be found in the notes to the financial statements.

2. Net Assets and distributions are per Unit of a series are based on the actual number of units outstanding for that series at the relevant time. The Increase (Decrease) from Operations per Unit of a series is based on the weighted average number of units outstanding for that series during the financial period.

3. Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were paid in cash/reinvested in additional units of the Fund or both.

## Ratios and Supplemental Data

|          |      | Net asset value<br>(\$000) (note 4) | Number of units<br>outstanding<br>(000) (note 4) | Management<br>expense<br>ratio (MER)<br>(%) (note 5) | MER before waivers or<br>absorption<br>(%) (note 5) | Net asset value<br>per unit |
|----------|------|-------------------------------------|--|--|---|-----------------------------|
| Series A | 2017 | 11,527                              | 1,153  | 0.99   | 2.15  | 10.00                       |
|          | 2016 | 13,097                              | 1,310  | 0.53   | 1.90  | 10.00                       |
|          | 2015 | 16,790                              | 1,679  | 0.72   | 1.95  | 10.00                       |
|          | 2014 | 11,176                              | 1,118  | 1.19   | 2.03  | 10.00                       |
|          | 2013 | 17,857                              | 1,786  | 1.27   | 1.99  | 10.00                       |
|          | 2012 | 25,927                              | 2,593  | 1.27   | 1.92  | 10.00                       |
| Series F | 2017 | 3,301                               | 330  | 0.93   | 1.83  | 10.00                       |
|          | 2016 | 2,352                               | 235  | 0.50   | 1.59  | 10.00                       |
|          | 2015 | 1,611                               | 161  | 0.64   | 1.65  | 10.00                       |
|          | 2014 | 1,172                               | 117  | 1.15   | 1.74  | 10.00                       |
|          | 2013 | 1,521                               | 152  | 1.16   | 1.83  | 10.00                       |
|          | 2012 | 1,025                               | 102  | 1.15   | 1.62  | 10.00                       |

4. The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's Net Asset Value and is provided as at June 30, 2017 and December 31 of the previous years shown.

5. The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each series of the Fund, including GST/HST and interest and excluding commissions and other portfolio transaction costs, and is expressed as a percentage of the average daily Net Asset Value of each series of the Fund on an annualized basis. Any management fee distributions paid by a series of the fund that effectively reduced management fees payable by some unitholders are not deducted from expenses to determine the overall MER of that series. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Fund are shown both with and without the waiver and absorptions.

## MANAGEMENT FEES

Bridgehouse Asset Managers, the Manager, provides or arranges for investment management, distribution, marketing and promotion of the Fund. In consideration for the services provided, Bridgehouse Asset Managers receives a monthly management fee based on the daily average Net Asset Value of Series A and Series F.

For the six months ended June 30, 2017, the Fund paid Bridgehouse Asset Managers management fees of \$72,232. Bridgehouse uses these management fees to pay for commission payments to registered brokers and dealers and general investment management expenses. The breakdown (commission payments / investment management, administration and other) as a proportion of the management fee for each Series are:

- Series A (24% / 76%)
- Series F (0% / 100%)

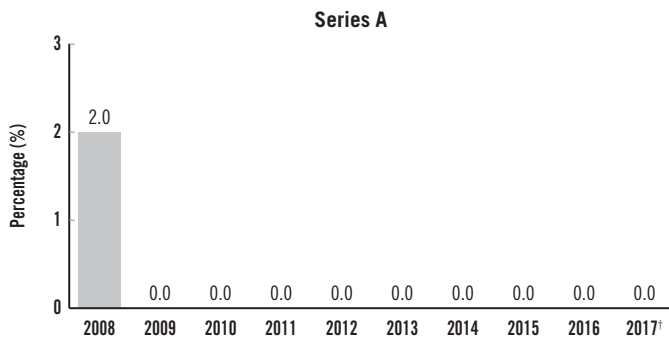
Commission payments represent cash commissions paid by Bridgehouse Asset Managers to registered brokers and dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by the Bridgehouse Asset Managers during the period. For new Funds or Series the amount presented may not be indicative of longer term operating periods.

## PAST PERFORMANCE

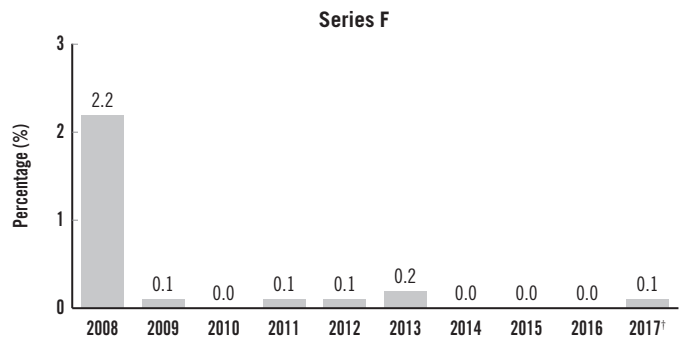
This section shows the historical performance for each series of the Fund for the six months ended June 30, 2017 and each of the previous annual periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before calculating performance. Historical performance does not take into account the potential impact on returns of purchases, redemptions, distribution fees or other optional charges or income taxes payable by an investor. Keep in mind that past performance does not necessarily indicate how the Fund will perform in the future.

### Year-by-Year Returns (%)

The bar chart shows the Fund's annual performance for each of the years shown. The bar chart shows how the performance of each series of the Fund has changed from year to year. It illustrates in percentage terms how much an investment in each series of the Fund made on January 1 of each year, or on the inception dates, would have grown or decreased by the last day of each financial year. 2017 data presented below is for the six-month period ended June 30, 2017.



<sup>1</sup>Six-month return from January 1 to June 30, 2017.



<sup>1</sup>Six-month return from January 1 to June 30, 2017.

## SUMMARY OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2017

### Top Positions

The portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis.

| Security   | Fund (%)    |
|--|-------------|
| 1. Government of Canada Treasury Bills 0.49% Aug 10/17 | 19.5        |
| 2. Government of Canada Treasury Bills 0.55% Oct 19/17 | 13.0        |
| 3. Government of Canada Treasury Bills 0.53% Sep 07/17 | 11.3        |
| 4. Government of Canada Treasury Bills 0.57% Oct 05/17 | 8.6         |
| 5. Canadian Imperial Bank of Commerce 0.92% Nov 03/17  | 7.7         |
| 6. Bank of Montreal 1.03% Sep 07/17                    | 7.1         |
| 7. National Bank of Canada 0.83% Sep 25/17             | 6.8         |
| 8. Government of Canada Treasury Bills 0.54% Nov 02/17 | 6.8         |
| 9. Bank of Nova Scotia 0.80% Jul 25/17                 | 4.7         |
| 10. Bank of Nova Scotia 1.01% Aug 23/17                | 4.6         |
| 11. The Toronto-Dominion Bank 0.99% Nov 06/17          | 4.5         |
| 12. The Toronto-Dominion Bank 1.09% Jan 29/18          | 4.3         |
| 13. Cash   | 0.9         |
| <b>% of Fund</b>                                       | <b>99.8</b> |
| <b>Total Number of Fixed Income Securities</b>         | <b>0.00</b> |
| <b>Total Net Asset Value (\$MM)</b>                    | <b>\$15</b> |

### Asset Mix

| Asset Class                         | Fund (%)     |
|-------------------------------------|--------------|
| Money Market Instruments—Government | 59.2         |
| Money Market Instruments—Corporate  | 39.7         |
| Cash                                | 0.9          |
| Other Net Assets                    | 0.2          |
| <b>% of Total</b>                   | <b>100.0</b> |

### Industry Exposure

| Industry                          | Fund (%)     |
|-----------------------------------|--------------|
| Government                        | 59.2         |
| Corporate                         | 39.7         |
| Cash                              | 0.9          |
| Other Net Assets                  | 0.2          |
| <b>% of Total</b>                 | <b>100.0</b> |
| <b>Total Number of Industries</b> | <b>2</b>     |

### Country Exposure

| Country                          | Fund (%)     |
|----------------------------------|--------------|
| Canada                           | 98.9         |
| Cash                             | 0.9          |
| Other Net Assets                 | 0.2          |
| <b>% of Total</b>                | <b>100.0</b> |
| <b>Total Number of Countries</b> | <b>1</b>     |

### Debt Securities by Credit Rating\*

| Credit Rating | Total Debt Instruments (%) |
|---------------|----------------------------|
| AAA/Aaa       | 93.1                       |
| AA/Aa         | 6.9                        |
| <b>Total</b>  | <b>100.0</b>               |

\*Excludes cash and cash equivalents.

Credit ratings are obtained from Standard & Poor's, Moody's and Fitch.

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%



Bridgehouse Funds are managed by Bridgehouse Asset Managers® and are available through registered dealers.

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